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E.O. 12958: DNG: CO 03/17/2033
TAGS: [PREL](#) [PARM](#) [AE](#) [CH](#) [IR](#)

SUBJECT: (S) INFORMATION ON SHIPMENT OF PROLIFERATION
CONCERN HELD IN DUBAI

REF: STATE 155893

Classified By: Classified by ISN PDAS McNerney for 1.4 b and d.

Action Request

11. (S/NF) Washington has information to share with Chinese authorities regarding a shipment of proliferation concern that originated in China and was seized in Dubai while en route to Iran. The cargo was seized in November 2007 and was being transported on the M/V Seventh Ocean8. Additionally, new information is available to share with China and UAE that directly links Iran's Defense Industries Organization, (DIO) to this shipment. DIO is designated in the Annex to United Nations Security Council Resolution (UNSCR) 1737 and, as such, is subject to the provisions of that resolution. Post should draw on appropriate background and non-paper in approaching appropriate host country officials.

Objectives

12. (S) Objectives for Embassy Beijing:

-- Inform Chinese officials of the seizure of this shipment in Dubai in November 2007 because it was destined for DIO. Highlight new information supporting our original intelligence. The new information indicates that the foreign purchasing manager for DIO was responsible for arranging this shipment.

-- Remind Chinese officials that DIO is a designated entity in UNSCR 1737 and, as such, is subject to the provisions of operative paragraph 12 of UNSCR 1737.

-- Encourage Chinese officials to work with the UAE to have this material recalled to China as soon as possible.

-- Request that Chinese officials take appropriate steps to ensure that their companies cease conducting business with Iranian entities that are designated in UNSCRs 1737, 1747 and 1803.

-- Thank Chinese officials for any assistance they can provide.

-- (if asked why the U.S. did not notify China in November 2007 at the time of seizure) We have been seeking fidelity on our information to ensure that what we provide to you is as complete and correct as possible. We have recently acquired new information on this shipment and are sharing it with Chinese officials immediately.

(S) Objectives for Embassy Abu Dhabi:

-- Inform UAE officials that the U.S. is sharing information

about this shipment with China and that we are requesting China,s assistance in arranging for the goods to be recalled.

-- Remind UAE officials that this shipment was in apparent contravention of UNSCRs 1737 because the end user of the material was DIO.

--Highlight new information that indicates that the foreign purchasing manager for DIO was responsible for arranging this shipment.

-- Thank UAE authorities for their efforts and note that the U.S. will continue to share any information on this shipment, as it becomes available.

Background

¶3. (S/Rel China and UAE) In November 2007 the Islamic Republic of Iran Shipping Lines-controlled (IRISL) &M/V Seventh Ocean8 carried a shipment of four tons of potassium perchlorate destined for Iran via Dubai Acting on U.S. information, the UAE removed and impounded this shipment upon its arrival in Dubai because the end user, DIO, is designated as subject to the asset freeze provisions of UNSCR 1737. This shipment had originated in China. Washington wants to ensure that this shipment is not allowed to proceed to Iran and would like for China and the UAE to work together to have this material returned to China.

¶4. (S/Rel China and UAE) Potassium perchlorate can potentially be used in a variety of military-related applications including in the production of small rockets and explosives. It can also be used as an igniter in ballistic missile systems.

Non-paper/Talking Points

¶5. (S/Rel UAE and China)

Begin text of non-paper for China Only.

-- (S/Rel UAE and China) We would like to bring to your attention a shipment of proliferation concern that was seized in the UAE from the The Islamic Republic of Iran Shipping Lines (IRISL) controlled &M/V Seventh Ocean8. This shipment consists of four metric tons of potassium perchlorate which our information indicates was destined for Iran,s Defense Industries Organization (DIO). As you know DIO is designated in the Annex of United Nations Security Council Resolution (UNSCR) 1737.

-- (U) Potassium perchlorate can potentially be used in a variety of military-related applications including in the production of small rockets and explosives. It can also be used as an igniter in ballistic missile systems.

-- (S/Rel UAE and China) We have the following information regarding this shipment:

--Commodity Description: Potassium Perchlorate (IMO class 5.1, UN number 1489).

--Shipper: Wuhan Star Trading Company, Ltd.

--Consignee: P.B. Sadr Company, No. 17. 1st Khouestan Alley, Pasdaran Street, Tehran, Iran. Telephone: 982129974447, fax: 982129974438

--Notify Address: Same as consignee.

--Bill of Lading: IRSLPCL8221HAT2054

--Booking Reference: HUABNDPCL82210170

--Freight Provisional Invoice Number: PCL6HAT0525

--Gross Weight: 4.016 metric tons (mt)

--Net Weight: 4mt

--Quantity: 160 packages in one 20-ft general purpose container

--Container/Seal number:IRSU2744019/HT100353

-- (S/Rel UAE and China) The consignee for this shipment, PB Sadr Company, is one of several cover names used by the DIO to circumvent UNSC sanctions. DIO and its subsidiaries have been observed using cover names since April 2007.

-- (S/Rel UAE and China) It is clear that DIO arranged this shipment because, while the consignee is identified as PB Sadr,, the foreign purchasing manager for DIO was responsible for arranging this shipment. In August of this year he requested from Wuhan Star Trading Company Ltd. a pro forma invoice for a shipment of potassium perchlorate to be delivered to Bandar Abbas, Iran. He had inquired with other companies to acquire the same material, but Wuhan Star Trading Company Ltd. was the only firm that could provide this material at the time.

-- (S/Rel China) The U.S. urges China to take appropriate steps to ensure that its companies cease trade with Iranian entities designated in UNSCRs 1737 and 1747.

-- (S/Rel China) The U.S. urges China to recall this shipment.

End non-paper for China.

Begin text of non-paper for UAE Only.

-- -- (S/Rel UAE and China) The U.S. appreciates the efforts that the UAE has made on recent seizures of shipments destined for Iranian entities.

-- (S/Rel UAE and China) We would like to share with you further information regarding the shipment that was removed from the M/V Seventh Ocean.

-- (S/Rel UAE and China) It is clear that DIO arranged this shipment because, while the consignee identified as PB Sadr,, the foreign purchasing manager for DIO was responsible for arranging this shipment. In August of this year he requested from Wuhan Star Trading Company Ltd. a pro forma invoice for a shipment of potassium perchlorate to be delivered to Bandar Abbas, Iran. He had inquired with other companies to acquire the same material, but Wuhan Star Trading Company Ltd. was the only firm that could provide it at the time.

-- (S/REL UAE) In August 2007, when DIO requested the invoice for the potassium perchlorate, additional details were made available about the shipment as follows: The total price for the potassium perchlorate from Wuhan Star Trading Ltd. was to be 5,100 euros (\$7,035) cost and freight (CFR) Bandar Abbas, packed in 25 kg strapped woven bags on pallets placed in a container.

-- (S/Rel UAE and China) All available information suggests that this shipment was destined for DIO and we ask that the UAE work with China to ensure that it does not reach Iran in violation of UNSCR 1737.

End text of non-paper.

Reporting deadline and POC

16. (U) Post should report results by March 23, 2008. Please slug replies for ISN, EAP and NEA. Department point of contact is ISN/CPI Matt Zartman, 202-647-7588. Department thanks Post for its assistance.
RICE

NNNN

End Cable Text